CITY COUNCIL AND REDEVELOPMENT AGENCY MINUTES
CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

JANUARY 17, 2012

INVOCATION:
Chaplin Larry Cooney of Central Coast Rescue Mission gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Orach led the Pledge of Allegiance.

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino.

STAFF MEMBERS PRESENT
City Manager Haydon, Acting Assistant City Manager Lara, City Attorney Trujillo, Police Chief Macagni, Director of Public Works/City Engineer Whitehead, Director of Administrative Services Visé, Director of Utilities Sweet, Director of Community Development Appel, Director of Parks & Recreation Posada, Fire Chief Orr, Acting City Librarian Corbett, and Acting Chief Deputy City Clerk Garietz.

VOLUNTEER OF THE MONTH
Councilmember Cordero presented a gift to Charlotte Baldiviez, the Recreation and Parks Volunteer of the Month for January 2012, for her willingness to quickly volunteer for projects and for her enthusiasm in supporting various activities at the Abel Maldonado Youth Center.

RESPECT FOR LIFE WEEK
Councilmember Patino read a proclamation declaring the week of January 15-22, 2012, as "Respect for Life Week" in the City of Santa Maria. The proclamation was accepted by Jan Rush.

PUBLIC COMMENT
Ernest Armenta spoke about eliminating retirement benefits for Councilmembers, as well as the cash out option for health care insurance. He also spoke about Councilmembers receiving endorsements from employee bargaining units.

Debra Huntsucker spoke about unnecessary expenditures, such as Councilmember lunches, as a reason the City was losing police officers and firefighters.

CONSENT CALENDAR
Consent Calendar Items 3A through 3G were approved on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES:	Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN:	None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of December 20, 2011, were approved as submitted.

C. WARRANTS
Warrant Nos. 169956 to 170463 totaling $4,401,042.06 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 165376, 165377, 165903, 166008, 166607, 169406, 169826, 169844, and 169935 were cancelled.

D. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

E. CALL FOR BIDS
The City Council gave approval to call for bids on the plans and specifications for Bid No. 2012/07, Broadway and Main Street Induction Streetlight Improvement Project.

F. NOTICE OF CONTRACT COMPLETION
The City Council approved the Notice of Contract Completion for West Stowell Road Widening Project, Bid No. 2011/05, and directed the Acting Chief Deputy City Clerk to record same.

G. FTA 5311(f) OPERATING ASSISTANCE
Resolution No. 2012-01 was adopted approving receipt of Federal funding under the Federal Transit Administration for operating assistance for the "Breeze" Pilot Expansion.

Resolution No. 2012-01 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING RECEIPT OF FEDERAL FUNDING UNDER FEDERAL TRANSIT ADMINISTRATION 5311(f) WITH CALIFORNIA DEPARTMENT OF TRANSPORTATION.

CALLING A SPECIAL MUNICIPAL ELECTION FOR JUNE 5, 2012
City Manager Haydon gave the staff report. The City has been facing significant budget shortfalls, due primarily to the recession and its affect on the local economy. The City's major General Fund revenue sources are directly tied to the economy. Since 2007-2008, the City has lost $11.2 million in ongoing revenues in the General Fund, that is almost 20% of the total ongoing operational revenues that directly fund police officers and firefighters, at-risk youth programs, and code compliance officers.

Great strides have been made in reducing operational expenses. The City has had to eliminate or not fund 68 citywide positions, some of which are police and fire positions. Significant reductions have been made by deferring millions of dollars in cost allocations; cutting $6 million in operating expenses; suspending capital projects and equipment purchases; eliminating or reducing employee benefits; introducing a new lower level two-tier retirement system for new hires; garnering employee concessions from all employee groups; reducing hours of operation at various City facilities; and furloughing employees for the past three years. Even with these reductions, the City is still not in a position to finance a number of police officer positions or hire the necessary firefighters to staff the soon-to-be completed Fire Station #5 at Suey and Donovan Roads.

During the budget deliberations in June 2011, the City Council directed staff to contract with a polling consultant to conduct a survey of residents to determine whether there was support for an enhanced revenue measure to help maintain and restore essential City services. The survey was conducted and it found that 65 percent of those surveyed would support a quarter (¼)-cent sales tax measure with a nine year sunset. With a margin of error of approximately five percent, the level of support would still be more than the simple majority needed to pass such a measure. The survey also determined that the services that resonated the most support was to hire additional firefighters to staff the new station; restore police officers cut in the last two years; restore police officers to the gang suppression unit; enable rapid police/fire 9-1-1 response times;

maintain neighborhood police patrols; secure matching grant funds to complete levee repairs: maintain at-risk youth and recreational programs; and maintain other vital City services.

A general purpose sales tax measure requires a simple majority (50 percent plus 1) to pass. All funds generated from the sales tax would go into the General Fund to be used for essential City services. The proposed measure would be a temporary ¼-cent transactions and use tax that would be in effect for 9 years. It would also require annual independent audits and create an Independent Oversight Committee. It is proposed that each Councilmember would appoint one individual to serve on the Independent Oversight Committee to assure that tax proceeds are spent appropriately. The measure would also require that all the monies collected from the tax be spent on City of Santa Maria services and projects. Unlike property taxes or vehicle license fees, the State of California would not be able to take or borrow the funds.

Under Proposition 218, a general tax must be submitted to the voters at a regularly scheduled general election at which members of the City Council would be elected. For the City, that would be November 2012. Based on information from the survey, the fact that there would be a number of competing measures anticipated on the November 2012 ballot, and the immediate need to maintain and restore service levels, staff recommends that the measure be placed on the June 5, 2012, ballot and consolidated with the Statewide Primary Election. Since the June 5th ballot does not include the election of a member of the City Council, a unanimous finding that an emergency exists must be part of the City Council's decision to place the tax measure on the ballot.

The findings for an emergency exists based on: 1) General Fund operating revenues declining by $10 million since 2007-08; 2) the State of California taking local property taxes from the City at approximately $2.2 million annually; 3) elimination of redevelopment agencies by the State resulting in the potential loss of $1.3 million annually in property tax revenue; 4) sales tax revenues declining 13 percent, or over $2 million since 2007-08; 5) property tax revenues declining 8.9 percent or $1.4 million since 2007-08; and 6) declining revenues in the Non-Hazardous Impacted Soil Program from a high of $5.6 million in 2008-2009 to $2.3 million in 2010-2011.

Since 2008-2009, the City has had to address its budget deficits each year by relying on the use of one-time reserve funds and employee concessions to finance ongoing operational costs. The City Council was able to adopt a balanced budget this past year using one-time reserves; but with the elimination of the RDA, the City faces more challenges ahead.

Members of the public have previously expressed their concern with reductions in staffing and public services, including the loss of police officers, the need for improved 9-1-1 response times, and the decreases in service hours. There is a growing concern about gang and drug activities, as well as other public safety issues. The sentiment is that the community does not want further cuts in services that would exacerbate these problems.

There is also a need to fully staff and operate a fifth fire station in the City as the construction for Fire Station No. 5 is nearing completion. There is not sufficient funding to finance the operational costs of this new station on an ongoing basis. With the addition of Fire Station No. 5, the City would be able to increase its five minute response time from 63 percent of the City to over 90 percent of the City.

The police department has approximately the same complement of police officers as it had ten years ago when the population was slightly less than 90,000. Currently, the City has 111 authorized police officer positions, but is only funding 105 police officer positions. The Community Services Unit has been virtually dismantled, and the City no longer has beat coordinators, a crime analyst or crime prevention officer. The Gang Suppression Unit has gone from eight officers to having only one officer in the unit.

These reductions in personnel have compromised the service levels in both of the City's public safety departments.

Absent a new revenue source in the General Fund, the City would continue to face decreasing levels of service at a time when the demand for services is increasing. Because of the threat to public health, safety, and welfare, an emergency exists in the City. The City must immediately address that emergency by ensuring that the City has the resources necessary to preserve the public health, safety, and welfare which necessitates the need for the City Council submit a tax measure to the voters at a June 5, 2012, Special Election and not wait until November 2012.

The new revenue from a quarter (¼)-cent sales tax, if approved by the voters, would not become operational until October 2012. The City would not receive any sales tax proceeds until January 2013. Thus, the need to submit the aforementioned tax measure to the voters is immediate. The measure should be presented to the voters in June rather than wait until the November election when other competing revenue measures would be on the ballot.

Staff commissioned a Citizens' Ad Hoc Advisory Committee representing private business, non-profits, the faith-based community, the ag community, and representatives from local boards and associations. The committee was provided information on the City's finances. They listened to what the issues were and the challenges ahead, and concurred with staff's recommendation to bring forward a temporary ¼-cent sales tax measure for Council's consideration.

The Council is being asked to consider adopting the necessary resolutions to place an Essential City Services measure on the June 5, 2012, ballot. The measure would be submitted to the voters in a Special Municipal Election in conjunction with the Statewide Primary Election.

Mayor Lavagnino thanked staff for the work it had done to present the measure to the City Council.

Councilmember Boysen asked Staff to explain how the nine year sunset scenario came about.

City Manager Haydon responded that Staff prepared a pro forma that looked at what the anticipated revenues would be over the next five, seven, and nine years, and made projections. With a quarter (1/4)-cent sales tax and the economy rebounding, in nine years, there would be no need to renew the tax. The City would not be able to sustain itself in the next five years or even in seven years.

Councilmember Boysen commented that the City had known that it would be building the fire stations for years. He asked if the City had not planned for it.

City Manager Haydon responded that a standards of coverage analysis had been done in 2002-2003. Based upon the data received, Staff saw the need for a fifth fire station. When the federal stimulus funds came available, the City applied for both the Northeast and Northwest fire stations. When the City received the funding, it was thought that the recession would only last six to nine months. It was not anticipated that the recession would last three to four years.

Councilmember Orach commented that in order to receive the stimulus funds, the City had to have shovel-ready projects in order to receive stimulus funds as there was a very short timeframe to submit applications. The Fire Department and City management had worked on these projects for years. Receiving funding for both stations was not anticipated; but because the projects had been developed years before hand, they were ready to submit.

City Manager Haydon responded there was a plan in place to build two fire stations. Staff did not realize the recession would have such an impact and last as long as it has. The projects were shovel-ready. The City received the most funding in the State of California of any fire agency because of the need in the community for fire response services.

Mayor Lavagnino commented that the new Fire Station No. 3 was a replacement station for the old Fire Station No. 3 at College and Donovan Road. If the City received funding

for only one station, it would not be able to meet the 90 percentile service level it needs to protect the people. Fire Station No. 5 was necessary to do this. Many other cities have enhanced their revenues with utility taxes and parking fees.

City Manager Haydon responded that the City of San Luis Obispo has a sales tax, and both San Luis Obispo and Santa Barbara receive funding from utility taxes. Santa Maria does not have utility taxes. Staff was proposing a quarter (1/4)-cent sales tax that would raise approximately $4 million annually, half of what the other cities around Santa Maria receive.

Councilmember Patino commented that the State has raided and taken sales tax and vehicle license fees over the years. She asked what was going to prohibit the State from coming and taking these funds.

City Manager Haydon responded that Proposition 22 included a constitutional provision that prohibited the State from being able to raid cities of their property taxes, sales taxes, and transportation fees. The Governor enacted AB 1X 26 which eliminated redevelopment agencies, and AB 1X 27 which required an extortion payment from cities in order to keep the redevelopment agencies functioning. The League of California Cities filed a lawsuit against the State. The Supreme Court ruled that AB 1X 26 was constitutional indicating that since the State had approved and created redevelopment agencies, it could remove them. Additionally Proposition 22, which protected funds from being diverted from cities, was ruled valid and upheld. As a result of the Proposition 22 ruling, AB 1X 27 was ruled unconstitutional and cities did not have to pay a "ransom" to the State. Proposition 22 and Proposition 1A are the City's security that the State would not be able to take the quarter (1/4)-cent sales tax.

Councilmember Cordero requested clarification that tax measures were to be placed before the voters in a General Election when the Council was elected. He asked if the $11.2 million shortfall since 2008 compounds annually.

City Manager Haydon responded that the Elections Code and Revenue and Taxation Code requires that when submitting to the electorate a general purpose ballot measure, it must be conducted in conjunction with an election to vote for members of the City Council, unless a declaration of a fiscal emergency is made. A unanimous vote of the City Council would be required. Revenues received in 2007-2008 were compared to what the City received last year. The difference is a loss of $11.2 million that is compounding.

Councilmember Patino asked if the City would be repaid the $14 million in loans it made to the Redevelopment Agency. She commented that the voters passed Proposition 1A and another measure that they thought would protect the cities from State raids, and yet it didn't.

City Attorney Trujillo responded that the City would fight to try retain the ability to collect on the loans, but it was going to be a battle.

City Manager Haydon replied that Proposition 1A excluded redevelopment agencies. When the voters approved Proposition 22 in 2010 it ensured that redevelopment agencies, local transportation funds, and sales and property taxes were secure and the funding could not be reduced from cities or shifted away to the State. What Proposition 22 did not include was the word "eliminate." The City has lost $36 million to the State of California since 2007-2008.

Mayor Lavagnino read a written communication received from Sylvia Barnard of Good Samaritan Shelter in support of the sales tax measure as she was unable to attend the meeting.

Mayor Lavagnino opened the public hearing.

Trent Benedetti spoke in favor of the Sales Tax Measure. He looked over demographics published from the latest census. For a person in the upper income level spending $40,000 in sales tax dollars, the increase would be about $100 per year. For the average income of the citizens of Santa Maria spending approximately $20,000, the

increase is $1 per week. Some of his friends and family live in the flood zone, and their insurance agents indicate that if the river levee extension is not completed, homeowners' insurance rates would increase $1,000-$2,000 per year. This would be devastating compared to an increase in sales tax. Property values were something else to consider with degradation in police and fire services. He was happy to know that the City had gone out seeking the citizen's support.

Elijah Coleman, Santa Maria Firefighters Association, Local 2020, spoke in favor of the Sales Tax Measure. The firefighters have taken concessions for three years and made major in-house changes to save money. The Santa Maria Fire Department is under staffed with only half the firefighting personnel it needs. Each firefighter has double the call volume and twice the daily non-incident workload as other firefighters. With double the volume comes double the chances of smoke inhalation, diseases from the patients, stress exposure, and injury. The tax measure would not solve the problem, but it was a good start. The City has always been fiscally conservative. For them to come forward with a sales tax proposal should open people's eyes that the City needs the money. He asked the Council to adopt the necessary resolutions to place the measure on the ballot, and asked the voters of Santa Maria to vote "yes" on it.

Jerry Schmidt, Pacifica Commercial Realty, spoke in favor of the Sales Tax Measure. His job is to help bring jobs to the City, and the last couple years have been tough. In 2003, he became a Reserve Police Officer with the City. As a business owner and a Reserve Police Officer, he has a unique prospective on the tax measure. He has a better understanding of the tribulations of the department with the increasing needs and the shrinking budgets. He and other citizens are asking the Council to approve placing the measure on the ballot, and give the people a chance to vote on the matter.

Daniel Cadena spoke in favor of the Sales Tax Measure. The City Council has tried its best to keep the City financially solvent. It has been difficult since many of the decisions have affected City employees and the much needed services. Giving the economic status of our nation and state, the City could no longer expect the same level of financial commitment. We have to make a choice to help and decide if paying a quarter cent was worth ensuring that the first responders would be there in an emergency. They have been there when the resident's of the City needed them the most. Let's be there for them now.

Chris Nartatez, President Santa Maria Police Officers Association (SMPOA), spoke in favor of the Sales Tax Measure. The Police Department and Police Officers had taken a six percent reduction in benefits and salaries, and accepted the pension reform where new employees for the Police Department were paying their portion of their retirement. A meeting was held with the general membership, and they voted to support the sales tax. The SMPOA asks for the public's support as well. The Community Services Unit was lacking, and they needed officers for the gang and narcotic units.

Reverend Willy Green spoke in favor of the Sales Tax Measure. He was blessed to live in Santa Maria. As the City continued to grow, the staff would need to grow too. When he moved to Santa Maria 12 years ago, the City's population was 45,000, and has risen to 100,000 today. The City needed more people to provide the services to accommodate the increased population, and the residents should help pay for that.

Joan Leon, Santa Maria Community Coalition, spoke in support of adequate funding for public safety personnel, and recognized the need to repair the levee. This was the only public meeting where the sales tax measure would be discussed. They were not comfortable with the wording of the measure that indicated the funding would be available for "other vital city services." The Coalition suggested that the ballot measure state precisely that the funds generated would be spent specifically on police, fire, public safety services, and for levee repair. Since the Council would declare an immediate emergency, it must raise funds now. The City Council could raise the hotel tax that the visitors pay, not City residents, as well as redirect the allocation to the Chamber of Commerce into public safety.

Leroy Cordero spoke in favor of the Sales Tax Measure. Thanked the Mayor and Council for their support of the community. The most important thing in the community is

the health, safety and welfare of the City's residents. The City needed enough police officers and firefighters to deal with the demands of the increased population.

Ernest Armenta spoke in opposition of the Sales Tax Measure. The hotel tax should be increased and directed to public safety. New employees who pay the nine percent towards their retirement should be required across the board with all employees. The sales tax was duplication, by paying the County through property tax and the City through a sales tax. He asked what the cost would be to conduct the special election. He asked that the Council wait until the November and revise the language in the ballot measure.

Jay A. Conner spoke in favor of the Sales Tax Measure. He commended City Manager Haydon on presenting a well-informed report. It was the Council's duty to let the people speak through the election process, and not through a debate.

Bob Hatch, President of the Chamber of Commerce, spoke in favor of the Sales Tax Measure. He thanked City Manager Haydon for the outreach to the community. He sat on the Advisory Board and gained a great deal of insight. Staff has never made a recommendation to raise taxes. Let the voters decide. The City sought to gain additional revenues, cut services without jeopardizing public safety. The quarter (1/4)-cent would create substantial revenues for the City. The people had to decide if quality of life was worth it, and make public safety paramount and number one on the list.

Vibiana Saavedra spoke in opposition of the Sales Tax Measure. She agreed that more needed to be done to support public safety and essential services, but could not support the ballot measure. This was the first opportunity for public to come speak on the matter. The language did not define how much of the funding would go to the police, the fire, and the levee. Not enough had been done to look at the budget for other funding sources, such as the Chamber funds. Performance bonuses to management personnel should not be considered during this emergency situation.

Nancy Stewart spoke in favor of the Sales Tax Measure. She agrees that a declaration of emergency should be given to put the measure on the ballot in June versus November. The City did not have the police and fire protection it needs for a city its size. She was usually against taxes, but in this case she agreed that the tax was necessary. The ballot measure was not exactly as she would like it, with more guarantees of what the money would be spent for. The City Council and Staff had been very frugal. She trusted them to manage the funds, and to do what was best for the City. The City needed more police officers to take care of the gangs and graffiti issues, and fire personnel to staff the new Fire Station.

Edward Young, Casa del Rio Mobile Home resident, spoke in favor of the Sales Tax Measure. The crime had increased on his side of town. Police Officers were needed more and more. Housing Fire Station No. 5 with the firefighters would be an asset to the mobile park and its residents. He wanted to make sure the funds would be used for police officers and to staff the new Fire Station.

Robert Acquistacpace spoke in favor of the Sales Tax Measure. He thanked City Manager Haydon for such an informative report. As a resident, he was also an Insurance Broker. In addition to the problems with the levee and the insurance rates associated with the levee not being completed, the City had been given a rating by the Insurance Services Office that has gone from a Protection Class 5 District to a Protection Class 4 Districts. As a result, residents have gotten an insurance rate decrease of five percent. However, if that fire protection goes away and the City does not have the proper police services, which was also figured into the City's insurance rating, all of Santa Maria's residents could see a five percent increase. The sales tax measure is far less an expense. He encouraged the Council and the public to support the measure.

Dan Lopez spoke in favor of the Sales Tax Measure. He had lived in Santa Maria since 1969 and had seen the growth. He wanted to ensure the public that the City and its staff were very responsible in the way they conducted the City's business. He was retired and on Social Security, but would pay a quarter (1/4)-cent sales tax to ensure the

protection of the police department and the fire department. Everyone should participate and support to retain the services.

Etta Waterfield spoke indicating that after listening to the testimony this evening, the issue was not for the Council to decide to support or oppose the measure, but rather its duty to allow the constituents to make the choice to vote for or against the measure.

Pedro Reyes spoke in favor of the Sales Tax Measure. He also commented on the City selling water from Santa Maria reservoirs to the next town. This year the weather would be hot and dry, and the City was going to need the water and its fire personnel. Prevention was less costly then dealing with a crisis. He would like to see the language reworded to show how the funds would be divided. Criminals are more vigilant then before. Our safety is priceless. Officers were needed for the City's safety.

Mayor Lavagnino closed the public hearing.

City Manager Haydon clarified that no one likes paying taxes. People pay a lot of federal and state income tax. However, the City's General Fund does not receive any of the federal or state income tax. The City receives property taxes, and use to get the lion's share of those taxes. With State takeaways, the City receives only ten cents of every dollar of property taxes. State sales tax is 7.75 percent, and now the State receives the lion's share of the sales tax. The City receives one cent of the 7.75 percent sales tax.

He clarified that the City was proposing a sales tax of one quarter of one percent, not a quarter cent ($0.25). Visualize a penny and cut it into quarters. A $4 purchase of taxable goods would be one penny ($0.01). A $100 purchase of taxable goods would be $0.25.

To address Ms. Leon and Ms. Saavedra's comments, City Manager Haydon stated that the city worked with the consultant and word-smithed the measure time and time again. Staff worked with the consultant to get the wording as specific as they could. Staff was proposing a general purpose measure. If the City were to identify the specific purpose of indicating funding for 10 police officers or 15 firefighters, then the measure would become a specific purpose tax measure which required a two-thirds vote of the electorate. It was highly unlikely it would receive the votes. It behooved the City to get the measure out to the voters in June when it would be the only measure to be voted on.

City Manager Haydon concluded that if anyone had any questions, contact the City Manager's office. They would be glad to sit down to discuss the justification for the measure.

To address Mr. Armenta's comments, City Manager Haydon stated that the election was estimated to cost $95,000 and that the cost of the election would be offset by the number of unfilled vacancies in the General Fund.

The measure called for independent audits annually to audit the proceeds and expenses. The audit report would be reviewed by an independent oversight committee, selected by the City Council to review the audit, and report back to the City Council and the general public.

Councilmember Patino was surprised by the outpouring of the people in support of measure. She was not in support of taxes. She had always supported public safety. This was a conservative City Council, and it would not come to the people if it was not necessary. The City had never asked the residents of Santa Maria to vote on a tax measure before. The bargaining units recognized the City was in a bind and have supported the City Council. Whenever the City started new projects such as the Maldonado Youth Center, the Library, and the Transit Center, the City planned for and saved the funds for the projects without having to burden the taxpayers. She stated that this is a fiscal emergency. The City's budget had been cut, and cut some more. It was important that the measure get put on the ballot so the people can decide if public safety is their first priority.

Councilmember Cordero commented that 89% of the people who spoke this evening were in support of the measure. He was not interested in paying any other taxes, but it was to the point that the City had to do what it could to assure the citizens of the community that they were going to be safe. This was an opportunity for the public to become involved. Putting the measure on the ballot allowed the public to come forward and speak on this issue with their vote.

Councilmember Orach commented that in the early 1990's, the City was in a similar situation. The City Manager back then suggested that reserves be set aside for the raining days. The reserves have since been washed away. Those homes that would be required to pay the $1,000 to $2,000 in annual insurance premiums is estimated to cost Santa Maria residents $32 million if the levee is not repaired. The public will make the decision. He would personally support it, and hoped that it passed. He was hopeful that this time next year, the Council would not have to look at each other and try to determine what cuts would need to be made if the measure did not pass.

Councilmember Boysen commented that he did not take the tax increase lightly. He had analyzed the necessity of having to propose a sales tax measure, and he saw no other solution if the City was to maintain or increase service levels. The funds were not to be used to pad departments or go back to 40-hour work weeks, but to be used to increase incremental services and as synergy to expand the services far beyond the $4 million that the sales tax would generate.

Resolution No. 2012-02 was adopted on motion by Councilmember Patino, seconded by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-02 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA FINDING AND DECLARING THAT AN EMERGENCY EXISTS THAT REQUIRES ASKING THE VOTERS TO APPROVE A CITY OF SANTA MARIA ESSENTIAL CITY SERVICES QUARTER (1/4)-CENT SALES TAX MEASURE BEFORE THE NEXT REGULAR ELECTION FOR THE CITY COUNCIL.

Resolution No. 2012-03 was adopted on motion by Councilmember Cordero, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-03 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, CALLING FOR THE HOLDING OF A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, JUNE 5, 2012, FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY A MEASURE RELATING TO THE ESTABLISHMENT OF A QUARTER (1/4)-CENT LOCAL TRANSACTIONS AND USE TAX (SALES TAX).

Resolution No. 2012-04 was adopted on motion by Councilmember Patino, seconded by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-04 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA TO CONSOLIDATE A SPECIAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, JUNE 5, 2012, WITH

THE STATEWIDE PRIMARY ELECTION TO BE HELD ON THE DATE PURSUANT TO §10403 OF THE ELECTIONS CODE.

Resolution No. 2012-05 was adopted on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-05 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS.

Resolution No. 2012-06 was adopted on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-06 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR CITY MEASURES SUBMITTED AT MUNICIPAL ELECTIONS.

Mayor Lavagnino called for a short break at 8:35 p.m. The meeting reconvened at 8:45 p.m. All Councilmembers returned to the dais.

ANNUAL APPOINTMENTS TO COMMITTEES AND BOARDS

Acting Chief Deputy City Clerk Garietz gave the staff report. The Council was being asked to make annual appointments to various City Boards and Committees. Appointments were needed on the All-America City Committee, the Block Grants Advisory Committee, the Landmark Committee, and the Santa Maria Community Television Board of Directors, and direct staff to readvertise the Ethnic Diversity, Government, and Business vacancies on the All-America City Committee and one vacancy on the Landmark Committee as insufficient applications were received.

All-America City Committee

There were five vacancies on the All-America City Committee. The applicants must represent segments of the community: At-Large, Business, Ethnic Diversity, Government, and Non-profit Organizations. Nominations would be made by Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino. Applications were received from:

Bailey Hudson, incumbent	Non-profit Organizations
Tahir Masood, incumbent	At-Large
Nicolette Reeves	At-Large

The following nominations were made:

Bailey Hudson was nominated by Councilmember Patino.
Tahir Masood was nominated by Councilmember Orach.

Appointees would serve a term of two years ending in January 2014.

On motion by Councilmember Patino, seconded by Councilmember Orach, and carried unanimously, the appointments were confirmed and staff was directed to readvertise the remaining Business, Ethnic Diversity, and Government vacancies.

Block Grants Advisory Committee
The Block Grants Advisory Committee had one unfilled vacancy. One application was received from Robin Hayhurst. The nomination would be made by Councilmember Orach.

Robin Hayhurst was nominated by Councilmember Orach to serve an unexpired term ending in July 2014.

On motion by Councilmember Orach, seconded by Mayor Lavagnino, and carried unanimously, the appointment was confirmed.

· - · ittee had three vacancies. Two terms of office were expiring and one was due to the resignation of Committee Member Michael Anderson. The appointments would be made by Mayor Lavagnino. Applications were received from:

Edward Zemaitis, incumbent
Ryan Fisher

The appointees would serve a term of three years.

Mayor Lavagnino appointed Edward Zemaitis and Ryan Fisher to serve three-year terms ending in January 2015.

On motion by Mayor Lavagnino, seconded by Councilmember Orach, and carried unanimously, the appointments were confirmed and staff was directed to readvertise the unfilled vacancy.

Santa Maria Community Television Board of Directors
Two appointments were necessary for the Santa Maria Community Television Board of Directors. The appointments would be made by Mayor Lavagnino. Applications were received from:

David Cross, incumbent
Scott Baker
Jeanne Sparks

Scott Baker commented on his qualifications and experience.

Jeanne Sparks commented on her qualifications and experience.

Mayor Lavagnino appointed David Cross and Jeanne Sparks to serve two-year terms ending in January 2014.

On motion by Mayor Lavagnino, seconded by Councilmember Boysen, and carried unanimously, the appointments were confirmed.

CONSIDERATION OF A RECOMMENDATION THAT THE CITY COUNCIL MAKE APPOINTMENTS TO VARIOUS BOARDS, COMMISSIONS AND COMMITTEES WHICH REQUIRE CITY COUNCIL REPRESENTATION.
City Manager Haydon gave the staff report. Staff had conferred with Mayor Lavagnino regarding Councilmember assignments to the various boards, commissions, and committees. Mayor Lavagnino requested that the City Council reconfirm the existing appointments as follows:

Agency	Appointee/Alternate
SBC Association of Governments	Lavagnino/Patino
Air Pollution Control District	Lavagnino/Patino
Central Coast Water Authority	Lavagnino/Sweet
Schools Quarterly Roundtable Committee	Lavagnino/Patino
Airport/Council Informational Committee	Lavagnino/Orach
Investment Oversight Committee	Boysen
Multi-jurisdictional Solid Waste Task Force	Cordero/Boysen
Bringing Our Community Home	Cordero

Community Action Commission	Cordero
Breeze Police Action Committee	Orach

On motion by Mayor Lavagnino, seconded by Councilmember Cordero, and carried unanimously, all appointments were confirmed.

Chairperson Lavagnino convened a meeting of the Redevelopment Agency at 9:00 p.m. and held a joint meeting of the City Council and Redevelopment Agency.

ROLL CALL:
MEMBERS PRESENT
Board Members Boysen, Cordero, Orach, Patino, and Chairperson Lavagnino.

AMENDING THE ENFORCEABLE OBLIGATIONS SCHEDULE, APPROVING A DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE, TRANSFERRING REDEVELOPMENT AGENCY ASSETS, AND THE DECISION TO TRANSFER LOCAL HOUSING ASSETS TO THE HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA. City Attorney Trujillo gave the staff report. On June 28, 2011, the Governor signed into the law AB X1 26 and AB X1 27 relating to redevelopment. AB X1 26 immediately suspended redevelopment agency activities and eliminated redevelopment agencies effective October 1, 2011. AB X1 27 was a companion bill that allowed redevelopment agencies to continue if the City that created the Redevelopment Agency (RDA) adopted an ordinance agreeing to comply with the Voluntary Alternative Redevelopment Program under which participating communities "voluntarily" would pay a portion of tax increment to the State.

The California Redevelopment Association, the League of California Cities, and the cities of Union City and San Jose filed a petition for Writ of Mandate directly in the California Supreme Court, challenging the constitutionality of AB X1 26 and 27. The petitioners argued that the bills violated recently enacted Proposition 22 as well as other provisions of the State Constitution. The Court issued its ruling on December 29, 2011, and upheld the constitutionality of AB X1 26, but overruled AB X1 27 as being unconstitutional.

All of the redevelopment agencies in the State of California would cease to exist as of February 1, 2012, and required certain actions to be taken before that date. Pursuant to AB X1 26, redevelopment agencies were required to create an Enforceable Obligation Payment Schedule (EOPS) which identified current debt liabilities and any payments on those obligations due in within a specific period of time.

The initial EOPS covered the period from October 1, 2011, through December 31, 2011. AB X1 26 also required that an initial draft Recognized Obligation Payment Schedule (ROPS) be prepared to list all debt and other liabilities of the RDA, as well as information about the account from which payments are made. The Board would need to amend the previously adopted EOPS, transfer the preliminary draft of the initial ROPS to the City as the successor agency, and transfer all RDA assets to the City.

As the successor agency, the City must also decide to retain or transfer the affordable housing assets and functions of the former RDA to the County Housing Authority. There are no affordable housing assets in existence and the RDA performs no affordable housing related functions. Tax increments for affordable housing projects are not scheduled to be paid until June 2027. Now that AB X1 26 had been enacted, the funds would not be paid to the City as successor agency, but rather, would be distributed by the County Auditor-Controller to the applicable taxing authorities.

The RDA was to set aside 20 percent of tax increment revenue for deposit into the housing fund. The RDA was granted a deferral from the mandatory 20 percent set-aside until all of the RDA's debt obligations were paid off. As of 2027, actual cash payments would be deposited into the housing fund on an annual basis. It would be available to fund housing projects at that time. Currently, there were no funds in the housing funds. City Attorney Trujillo indicated that there was no advantage to the City in retaining nonexistent housing assets and functions, and there was a possibility that costs related to low and moderate income housing might be required to be borne by the

City if the housing assets were not transferred to the County's Housing Authority. Staff recommended that the City transfer all housing assets and functions to the Housing Authority of the County of Santa Barbara. The City would be required to finalize the draft ROPS covering the period from October 1, 2011, through July 1, 2012, and submit it to the County Auditor–Controller, the State Controller's Office and the Department of Finance, as well as post it on the City's website.

The formation of an "Oversight Board" must be created, which would be comprised of seven (7) members appointed from Santa Barbara County Board of Supervisors (two members); City of Santa Maria Mayor (one member); County Superintendent of Education (one member); Chancellor of California Community Colleges (one member); Largest special district taxing entity (one member); and a former Redevelopment Agency of the City of Santa Maria employee to be appointed by the Mayor (one member). The City may only make payments listed on the ROPS. The Oversight Board would approve expenditures made by the City as the successor agency. Currently, the RDA receives approximately $1.3 million in tax increment revenue. With the dissolution of the Redevelopment Agency, the $1.3 million tax revenue was in jeopardy and may result in a corresponding increase in expenses to the City's General Fund. In addition, there was a possibility that the General Fund may lose between $14 million to $20 million in loan repayments from the Redevelopment Agency as a result of AB X1 26.

Councilmember Cordero asked if the County took over the housing assets, would it have anything to do with the decision-making process on where and what projects would be funded in Santa Maria, or would the County just be the funding source?

City Attorney Trujillo replied that the City was responding to the legislation, so a lot of the details had not been worked out. He assumed what would likely happen was the County would have the funding source, but would have to bring to the City projects requiring discretionary approval by the City Council for affordable housing projects. The City Council would also have the land use approvals within the City's discretion, but the project would be built and funded by the Housing Authority using the tax increment.

Ernest Armenta asked if instead of creating the City's own housing authority, the City would be allowing the County to administer and run the program. He also asked what the amount of the outstanding debt was and when the next payment would be due.

City Attorney Trujillo indicated that the City was complying with the statue that was forced upon the City that eliminated the RDA. In 2027, funds from the tax increment would be diverted to an affordable housing fund managed by the County Housing Authority, rather than the City. The outstanding debt totaled approximately $20 million.

City Manager Haydon replied the next payment would come due in May 2012. The tax increment that is received in the RDA was about $1.3 million a year. The debt obligation on the parking structure is $2.7 million per year. The General Fund would have to backfill the amount of $1.4 million annually. The City did not have enough tax increment to cover the debt obligation.

Redevelopment Agency Resolution No. 2012-01 was adopted on motion by Board Member Boysen, seconded by Board Member Patino, and carried on the following vote:

AYES:	Board Members Boysen, Cordero, Orach, Patino, and Chairman Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN:	None

Redevelopment Agency Resolution No. 2012-02 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA APPROVING THE ENFORCEABLE OBLIGATION PAYMENT SCHEDULE; APPROVING THE DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE; AND AUTHORIZING THE TRANSFER OF ALL REDEVELOPMENT AGENCY ASSESTS TO THE SUCCESSOR AGENCY.

Chairperson Lavagnino adjourned the final meeting of the Redevelopment Agency at 9:12 p.m. Mayor Lavagnino reconvened the regular meeting of the City Council.

Resolution No. 2012-07 was adopted on motion by Councilmember Boysen, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-027 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA TO TRANSFER AFFORDABLE HOUSING ASSETS AND FUNCTIONS TO THE HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA.

CITY MANAGER'S REPORT
City Manager Haydon reported on items anticipated for the February 7, 2012, City Council meeting, including a proclamation, a consent agenda item, and the second quarterly Budget Report.

ORAL REPORTS BY COUNCILMEMBERS
Councilmember Cordero reported that he attended Lieutenant Chris Vaughn's retirement reception; an Altrusa meeting; and Fire Chief Jones' retirement dinner.

Councilmember Orach reported that he spent the holidays with his family and grandchild; attended the All-America City Committee meeting; and the League of California Cities conference in Thousand Oaks.

Mayor Lavagnino reported that he toured the new Police Department building; attended the 100-year Birthday celebration for Helen Frederick; met with the United Way representative regarding the Mayors Ball; attended the Mayors and Managers meeting and luncheon in Buellton; met with the EDC and UCSB representatives regarding a project they were looking to bring to Santa Maria; was a Judge for the American Legion Speech competition; attended Fire Chief Jones' retirement dinner; and the State of the City presentation by City Manager Haydon.

Councilmember Patino reported that she spoke on the KUHL radio show; toured the old and new Police Stations; and spent a week up north visiting with her mom.

Councilmember Boysen reported that the Good Samaritan Shelter had been working very hard with the City of Lompoc and the County of Santa Barbara to help out with issues the City of Lompoc was having with its shelters. Both shelters were closed today. Good Samaritan had been working to make sure that the homeless issues in the City of Lompoc did not become homeless issues in the City of Santa Maria. Additionally, on cold nights, the Good Samaritan Shelter opens a warming center at its emergency shelter at 401 W. Morrison whenever there was a 50-percent chance of rain or the temperature was forecast to be below 35 degrees.

CLOSED SESSION:
The City Council recessed to a Closed Session at 9:24 p.m. to discuss Conference with Labor Negotiator pursuant to Government Code Section 54957.6, Agency Representative: Human Resources Manager; Employee Organization: Santa Maria Police Officers Assoc. (SMPOA).

After the Closed Session, the following report was given:

Conference with Labor Negotiator: Direction was given to staff.

ADJOURNMENT
There being no further business to come before the City Council at this time, the meeting was declared adjourned at 9:53 p.m. by Mayor Lavagnino.

APPROVED

February 7, 2012
Date

Acting Chief Deputy City Clerk and ex officio Clerk of the City Council

ATTEST

Acting Chief Deputy City Clerk

S. Y. Lavaquino
Mayor